

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF NOLIN)
RURAL ELECTRIC COOPERATIVE CORPORATION)
FOR AN ORDER AUTHORIZING A PASS-) CASE NO. 8707
THROUGH OF EAST KENTUCKY POWER WHOLE-)
SALE POWER RATE INCREASE IN)
CASE NO. 8648)

O R D E R

Nolin Rural Electric Cooperative Corporation ("Applicant") filed its application to flow through any increase in rates granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., ("East Kentucky") in Case No. 8648. Applicant is one of 18 member distribution cooperatives of East Kentucky. In Case No. 8648, East Kentucky requested an increase in revenue of approximately \$31,176,207. Of this total increase, Applicant would experience an increase in power costs of approximately \$1,999,323, which represents 6.41 percent of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of approximately 15.5 percent.

On November 12, 1982, the 18 distribution cooperatives of East Kentucky filed a motion requesting that they be permitted to deviate from the Commission's rules regarding tariffs and to flow through the increase by use of a proposed procedure for pass-through of the wholesale rate increase ("proposed

procedure"). In its Order of November 19, 1982, the Commission authorized Applicant to deviate from the rules on tariffs and approved the utilization of the proposed procedure.

Hearings were held on February 10, 1983, at the Commission's offices in Frankfort, Kentucky. Flint Ink Corporation ("Flint") was the only intervenor.

Flint filed its motion at the close of this hearing requesting the Commission to issue its Order requiring the Applicant to offer an off-peak rate rider to its contract with Flint not later than April 1, 1983, and to file general off-peak and seasonal rates not later than June 1, 1983. The Commission agrees that off-peak and seasonal rates are normally beneficial to the customers and the utility, but in this case finds there is no evidence to support instituting any of the rates requested by Flint.

To order the Applicant to file off-peak and seasonal rates based on the information that is available could very well damage the financial integrity of the Applicant. Without cost concessions from its wholesale supplier East Kentucky for off-peak and seasonal rates the use of these rate classes could cause one rate class to subsidize another.

The establishment of a new rate design is more appropriately approached in a general rate case, and requires careful consideration not only of the rate classes being established but also the effects on the other rate classes. Therefore the Commission has denied the motion of Flint.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

(1) The actual increase allowed East Kentucky in Case No. 8648 is \$18,849,182 which will result in an increase in power costs to Applicant of \$1,208,902.

(2) Applicant's financial condition would be materially impaired if it were not allowed to recover the increased wholesale power costs allowed in Case No. 8648.

(3) The revised rates and charges in Appendix A are designed to reflect only the increased power costs from East Kentucky allowed in the final Order in Case No. 8648.

(4) The flow-through of the wholesale power costs will not result in any additional net margin to Applicant.

IT IS THEREFORE ORDERED that Nolin Rural Electric Cooperative Corporation be and it hereby is authorized to flow through the increased power costs resulting from the rate increase granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., in Case No. 8648.

IT IS FURTHER ORDERED that the rates in Appendix A shall be placed into effect on the effective date of the East Kentucky wholesale power increase.

IT IS FURTHER ORDERED that Nolin Rural Electric Cooperative Corporation shall, within 20 days from the date of this Order, file its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this 1st day of April, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8707 DATED APRIL 1, 1983

The following rates and charges are prescribed for the customers in the area served by Nolin Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

SCHEDULE 1* RESIDENTIAL, FARM, NON-FARM, TRAILERS AND MOBILE HOMES

Rates:

Customer Charge	\$5.00
All KWH Charge	.05935 per KWH

SCHEDULE 2 COMMERCIAL, SMALL POWER, SINGLE PHASE AND THREE PHASE SERVICE*

Rates:

Customer Charge	\$5.00
ALL KWH Charge	.06672 per KWH

SCHEDULE 3 LARGE POWER*

Rate:

Demand Charge

\$4.34 per Kilowatt of Billing Demand Per Month

Energy Charge

First	2,500 KWH Per Month	\$.05578 Net Per KWH
Next	12,500 KWH Per Month	.05107 Net Per KWH
Over	15,000 KWH Per month	.04965 Net Per KWH

**SCHEDULE 4
INDUSTRIAL***

Rates:

Demand Charge

\$4.34 Per Kilowatt of Billing Demand Per Month

Energy Charge

First	3,500 KWH Per Month	\$.05955 Net Per KWH
Next	6,500 KWH Per Month	.04600 Net Per KWH
Over	10,000 KWH Per Month	.04249 Net Per KWH

**SCHEDULE 5
RURAL LIGHT***

Applicable: Entire Service Area*

Rates:

Service for the above unit shall be unmetered and billed on the consumer's monthly bill for other electrical service furnished by the Cooperative, at the rate of \$6.43 each and every month for each lighting fixture contracted for by the consumer.

SCHEDULE 6*

Rates:

Mercury Vapor Series or Multiple KWH/LIGHT

Standard Overhead		
7,000 Initial Lumens	75	\$2.99 Per Light Per Month
20,000 Initial Lumens	170	9.19 Per Light Per Month
Ornamental Service		
7,000 Initial Lumens	75	4.06 Per Light Per Month
20,000 Initial Lumens	170	10.33 Per Light Per Month

SCHEDULE 7
LARGE INDUSTRIAL*

Rates per Month:

Demand Charge

\$7.92 per Kilowatt of billing demand per month

Energy Charge

All KWH at \$.03568 Net per KWH

*Fuel Clause Adjustment

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.